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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/560,203	04/28/2000	Terry Erisman	TEE 2000-1	3365
23694 7590 10/02/2009 J. NICHOLAS GROSS, ATTORNEY 2030 ADDISON ST. SUITE 610 BERKELEY, CA 94704			EXAMINER FELTEN, DANIEL S	
			ART UNIT 3696	PAPER NUMBER
			NOTIFICATION DATE 10/02/2009	DELIVERY MODE ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 09/560,203  
Filing Date: April 28, 2000  
Appellant(s): ERISMAN, TERRY

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J. Nicholas Gross  
(Reg. No. 34,175)  
For Appellant

**SUPPLEMENTAL EXAMINER'S ANSWER**

This is in response to the appeal brief filed June 03, 2009 appealing from the Office  
action mailed September 11, 2006.

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**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The Grounds of Rejection as stated in the Brief is substantially correct.

**NEW GROUND(S) OF REJECTION**

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 44-65 and 85-87 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski et al, 88 USPQ 2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 44-65 and 85-87 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101. Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al

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### **(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

### **(8) Evidence Relied Upon**

6,321,212	LANGE	11-2001
6,044,363	MORI et al	3-2000
6,012,045	BARZILAI et al	1-2000
6,266,652	GODIN et al	7-2001
6,151,589	AGGARWAL et al	11-2000

### **(9) Grounds of Rejection**

#### **NEW GROUND(S) OF REJECTION**

35 U.S.C. 101 reads as follows:

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Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 44-65 and 85-87 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101. Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al

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The following ground(s) of rejection are applicable to the appealed claims:

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-102 are rejected under 35 U.S.C. 103(a) as being unpatentable over Mori (US 6,044,363) in view of Barzilia (US 6,012,045) in view of Godin (6,266, 652) in view of Aggarwal (US 6,151,589) in view of Lange (US 6,321,212). A discussion was made of all the aforementioned prior art in office action dated May 16, 2003 and October 31, 2003 with motivations to combine aforementioned references. The prior art fails to teach wherein the bidder can specify that a set of ranked bids submitted by the bidder for a set of items should be treated as mutually exclusive. Lange discloses an embodiment where bidders (firms) specify that a set of ranked (or range of) bids submitted by a bidder for a set of items (or states of are treated as mutually exclusive (see Lange, col. 58, ll. 47 to col. 59, ll. 4). An artisan at the time of Mori in view of Barzilia in view of Godin in view of Aggarwal would have been motivated to employ/integrate the aforementioned feature so as to allow those willing to participate in the auction to invest in the distribution of possible outcomes rather than simply waiting for a single outcome representing the auction result. Thus auction participants could thus hedge themselves

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against adverse auction developments and have access to the entire probability of bids and also avoid “Winner’s Curse,” as enunciated in Lange. Thus such a feature would be an obvious expedient well within the ordinary skill in the art.

It is respectfully submitted, that references, in determining obviousness are not read in isolation but for what they fairly teach as a whole, and are evaluated by what they suggest to one versed in the art rather than their specific disclosure. Thus the appellant’s attack of the Lange reference to show non-obviousness is not persuasive. In this case the prior art of Mori, Barzilai, Godin and Aggarwal were used as a whole to show various aspects of electronic auctions in the prior art found to apply to the appellant’s claims and provide evidence as to the level of ordinary skill in the art.

Mori was provided to disclose a method of processing bid information for electronic auction showing a method of entering bid information in a database of items for auction (see Mori, “server” fig. 2, (11), col. 4, lines 11-49). Mori also discloses receiving a set of bids for a set of items (see Mori, fig. 4, “Auction condition input editor,” Rule list (313) column 6, lines 10-41). It is being forwarded that Mori’s electronic marketplace server (see Mori fig. 2, (11)), auction condition input editor (see Mori, fig. 4, (31)) and rule editor (see Mori, fig. 5, (41)) teach features providing a database and receiving a set of bids from one or more bidders for a corresponding set of items as claimed by the appellant.

Barzilai et al was used to show the method of processing bid information in an electronic auction and bid ranking via a bid table (see Barzilai column 16, line 11 to column 17, line 11)



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which are arranged according to price and time and corresponding to the ranking feature submitted in the number of appellant's independent claims.

Godin was used to show a method of processing bid information using a maximum bid price, as it would be combined to Mori and as applied to the applicant's claims (see Godin, Abstract, column 2, lines 37-67).

Aggarwal was used to teach various features related to an electronic based Internet auction process with dynamically adjusted time intervals (see Aggarwal, column 2, lines 33-41). It is submitted that Mori, Barzila et al, Godin and Aggarwal all disclose various facets of auctions that take place electronically.

The appellant has asserted in the field of endeavor that the present invention is directed toward systems for performing automated auctions, and specifically those auctions involving bidding on items (see appellant's, specification, page 1, lines 6-9). The appellant claims that the improvement to these systems is to provide a method and/or technique that allows users to enter bids and rank order for mutually exclusive items (see Appellant's specification, "Summary of Invention," page 2, lines 24+).

Lange was used to teach that appellant's limitation of "...wherein said bidder can specify that a set of ranked bids submitted by such bidder for a set of items *should* be treated as mutually exclusive..." It is respectfully submitted that in care consideration of each and every word of the claim the examiner interprets the aforementioned limitation to read that the bidder can *recommend* that a set of items for a set of ranked bids submitted by such bidder be treated as mutually exclusive. It is respectfully submitted that the word *should* means that the items are not required to be mutually exclusive, but also the method does not rely on this partial feature to

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process the bid information. Moreover, Lange was used to teach that a set of ranked bids submitted by a bidder was a known technique used in the prior art for trading and investment groups whereby investment firms can bid on states of a group of contingent claims (which are a 'group' is being considered a set of items) comprising ranges of mutually exclusive and collectively exhaustive auction bids (see Lange column 58, lines 55+). The term "ranges" is being broadly interpreted as "ranked" bids submitted by the bidder (or firm).

Thus an artisan at the time of Mori would have been motivated to integrate, provide and/or employ the basic technique of ranking a set of bids as taught in Lange so as to allow those willing to participate in the auction to "hedge their bets" by investing in the distribution of possible outcomes.

It also as been implied by the appellant, that Lange appears not to be within the appellants' field of endeavor. However for the reasons advanced above Lange is considered within the field of the Appellants' endeavor. Attention is directed to *Geo. J. Meyer Mfg. Co. v. San Marino Elec. Corp.*, 422 F.2d 1285, 1288-89 (9<sup>th</sup> Cir. 1970). In this case the art of tracking stars and missiles was held to be analogous to the art of inspecting bottles for foreign objects, on the grounds that both were concerned with detecting an object having distinct Light and dark characteristics in a background of different light or dark characteristics. As to being reasonably pertinent to the problem which the inventor was involved, for the reasons advance above, this portion of the test is met.

#### **(10) Response to Argument**

It is respectfully submitted, that references, in determining obviousness are not read in isolation but for what they fairly teach as a whole, and are evaluated by what they suggest to one

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versed in the art rather than their specific disclose. Thus the appellant's attack of the Lange reference to show non-obviousness is not persuasive. In this case the prior art of Mori, Barzilia, Godin and Aggarwal were used as a whole to show various aspects of electronic auctions in the prior art found to apply to the appellant's claims and provide evidence as to the level of ordinary skill in the art.

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Barzilai et al was used to show the method of processing bid information in an electronic auction and bid ranking via a bid table (see Barzilai column 16, line 11 to column 17, line 11) which are arranged according to price and time and corresponding to the ranking feature submitted in the number of appellant's independent claims.

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The appellant has asserted in the field of endeavor that the present invention is directed toward systems for performing automated auctions, and specifically those auctions involving bidding on items (see appellant's, specification, page 1, lines 6-9). The appellant claims that the improvement to these systems is to provide a method and/or technique that allows users to enter bids and rank order for mutually exclusive items (see Appellant's specification, "Summary of Invention," page 2, lines 24+).

Lange was used to teach that appellant's limitation of "...wherein said bidder can specify that a set of ranked bids submitted by such bidder for a set of items *should* be treated as mutually exclusive..." It is respectfully submitted that in care consideration of each and every word of the claim the examiner interprets the aforementioned limitation to read that the bidder can *recommend* that a set of items for a set of ranked bids submitted by such bidder be treated as mutually exclusive. It is respectfully submitted that the word *should* means that the items are not required to be mutually exclusive, but also the method does not rely on this partial feature to process the bid information. Moreover, Lange was used to teach that a set of ranked bids submitted by a bidder was a known technique used in the prior art for trading and investment groups whereby investment firms can bid on states of a group of contingent claims (which are a 'group' is being considered a set of items) comprising ranges of mutually exclusive and collectively exhaustive auction bids (see Lange column 58, lines 55+). The term "ranges" is being broadly interpreted as "ranked" bids submitted by the bidder (or firm).

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It also as been implied by the appellant, that Lange appears not to be within the appellants’ field of endeavor. However for the reasons advanced above Lange is considered within the field of the Appellants’ endeavor. Attention is directed to *Geo. J. Meyer Mfg. Co. v. San Marino Elec. Corp.*, 422 F.2d 1285, 1288-89 (9<sup>th</sup> Cir. 1970). In this case the art of tracking stars and missiles was held to be analogous to the art of inspecting bottles for foreign objects, on the grounds that both were concerned with detecting an object having distinct Light and dark characteristics in a background of different light or dark characteristics. As to being reasonably pertinent to the problem which the inventor was involved, for the reasons advance above, this portion of the test is met.

#### **(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner’s answer.

#### **(12) Conclusion to Examiner’s Answer Raising New Grounds of Rejection**

For the above reasons, it is believed that the rejections should be sustained.

This examiner’s answer contains a new ground of rejection set forth in section (6) above.

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Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid sua sponte dismissal of the appeal as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

Extensions of time under 37 CFR 1.136(a) are not applicable to the **TWO MONTH** time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

Respectfully submitted,

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/Daniel S Felten/  
Daniel Felten  
Primary Examiner  
Art Unit 3696  
Business Methods

**A Technology Center Director or designee must personally approve the new  
ground(s) of rejection set forth in section (6) above by signing below:**

Wynn Coggins,  
Director  
TC 3600  
Business Methods

Conferees:

/THOMAS A DIXON/  
Supervisory Patent Examiner, Art Unit 3696

Thomas Dixon  
SPE, Art Unit 3696  
Business Methods

Vincent Millin /vm/

Appeals Practice Specialist